

PHILOSOPHY UNDERPINNING SHAREHOLDER PARTICIPATION AT ANNUAL GENERAL MEETING: FOCUS ON COMPANIES AND ALLIED MATTERS ACT 1990

Shamsuddeen Magaji, Nurli Yaacob & Zuryati Mohamed Yusoff

School of Law, Universiti Utara Malaysia

deeneemagaji@gmail.com

ABSTRACT

Purpose - This paper seeks to underpin relevant philosophy/theory on shareholder participation at annual general meeting (AGM) in Nigeria and relate with relevant provisions of the Companies and Allied Matters Act 1990 (CAMA 1990). There is dearth of literature in this area in Nigeria as even internet search will reveal this fact. The Companies and Allied Matters Act 1990 (CAMA, 1990) in this regard empowers shareholders to participate at the annual general meeting (section 81 CAMA, 1990). This right is very crucial to the shareholders because the AGM serves as a forum where they meet and discuss extensively on matters having direct effect on the company (Hague, 2011). In other words, AGM is a mechanism that improve shareholder democracy (Heilscher et al., 2014). Accordingly, shareholders rely on AGM as a forum to exercise their rights (Lafarre, 2014). Discussion on the philosophy/theory that recognised shareholder participation at AGM will come subsequently.

Methodology - This paper adopts two methods of data collection. The first method is doctrinal legal research which obtained data in the library (Yaqin, 2007). The data obtained in the library mainly concerns statutory provisions under the CAMA 1990, Rules and Regulation of the Nigerian Stock Exchange (2015), Code of Corporate Governance for Public Companies in Nigeria (2011) as well as decided cases. The second method of data concern qualitative interview. Thus, interview as a means of collecting data focuses on experience of the respondents in the area of study (Seidman, 2013) which give the researcher an opportunity to critically analyse the responses gotten from the respondents and present a finding. In this paper, four respondents were interviewed.

Findings - The paper finds that various philosophies/theories including corporate personality theory, agency theory, contract theory, shareholder primary, corporate governance theory impliedly recognised participation of shareholders at the AGM. This is because these theories were not specifically modelled on shareholder participation at meeting, but inference can be made to link these theories with shareholder participation at the AGM. Moreover, the provision of CAMA 1990, decided cases and opinion of the respondents indicates that these theories support shareholder participation at AGM.

Keywords: Annual general meeting, companies and allied matters act, right of shareholders.

CONCLUSIONS

Shareholder participation at AGM remain one of the fundamental right of shareholders and this right must be protected. While various philosophies/theories recognised shareholder participation as owners of the company, regulators in Nigeria as well as management of companies should emphasise on encouraging shareholder participation at AGM otherwise corporate accountability will be lacking.

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